

LEGISLATION TO FAIRLY TAX
"REVERSE MORRIS TRUST"
TRANSACTIONS

HON. LOUISE McINTOSH SLAUGHTER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 20, 2011

Ms. SLAUGHTER. Mr. Speaker, I rise today to introduce legislation that would eliminate a tax loophole that puts at risk telecommunications services and workers in states across the country. The bill seeks to limit "Reverse Morris Trust" (RMT) transactions, a tax avoidance loophole that continues to be utilized by companies, including publicly regulated utility companies. RMT transactions regularly allow companies to avoid paying millions of dollars in taxes while having adverse consequences for consumers, workers and the Federal Treasury.

Under an RMT, a parent company can spin off a subsidiary that merges into an unrelated company tax free if the shareholders of the parent company control more than 50 percent of the voting rights and economic value of the resulting merged company. The result deprives the federal treasury of hundreds of millions of dollars. And all too frequently, the new entity incurs too much debt and lacks the capital needed to maintain services and perform system upgrades that it depends on to provide quality services to its customers and create good paying jobs.

The legislation I am introducing would restrict the benefits of the RMT transaction by removing an incentive for companies to sell off assets tax free by creating a spinoff company that assumes massive amounts of debt. The bill would help protect the interests of consumers and workers, while preventing this unintended loophole from resulting in the loss of hundreds of millions of dollars of federal revenues at a time when our federal deficit is soaring. Based on analysis from the Joint Committee on Taxation in the 111th Congress, closing the RMT loophole would raise approximately \$250 million over 10 years.

One recent RMT transaction provides a prime example of the dangers of this loophole. Despite objections from the public and Congressional members, Verizon utilized the RMT to avoid taxes on a similar transaction with FairPoint Communications in Maine, New Hampshire and Vermont almost four years ago. As predicted, the result was unprecedented consumer complaints lodged with state regulators who were unable to reverse the negative consequences. On October 26, 2009, FairPoint declared bankruptcy, leaving the future of telephone service across all three states uncertain, and potentially putting at risk the compensation and benefits of thousands of employees.

Mr. Speaker, I urge my colleagues to join me in this effort to close this loophole that cheats the American public and helps large companies evade paying taxes by saddling smaller ones with debt.

THE 37TH ANNIVERSARY OF
TURKEY'S INVASION OF CYPRUS

HON. CHRIS VAN HOLLEN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 20, 2011

Mr. VAN HOLLEN. Mr. Speaker, I rise on the 37th anniversary of Turkey's invasion of Cyprus to call upon the Government of Turkey to end its unlawful military occupation of the island.

For 37 years, Greek Cypriots have had to live with the memory of being forcibly removed from their homes only to become refugees in their own country. For years, they endured a policy of systematic ethnic cleansing and, despite the insistence of the international community, to this day Cyprus remains under occupation. Forty-three thousand Turkish troops occupy a third of the island, making the area they control among the most militarized regions in the world.

For 37 years, it has been the goal of the international community to reunify Cyprus into a stable and prosperous country where Greek Cypriots and Turkish Cypriots can live together in peace and security.

Attempts to reunify the country have undergone various levels of negotiation for over 45 years yielding few lasting achievements along the way. Even the occasional success has produced little of enduring material value.

For example, in 1979, the U.S. and UN applauded Turkey's agreement to withdraw and handover the uninhabited city of Famagusta to its rightful inhabitants. Every year, the UN calls upon Turkey to honor its commitment, but, to this day, Famagusta remains in the hands of the Turkish government.

The U.S. and the EU and the UN have demonstrated their willingness to work with Turkey toward a lasting settlement in Cyprus that reunifies the country into a bi-zonal federation. By continuing its occupation, by closing its seaports to Cypriot-flagged ships, and by refusing to follow through on its promises, Turkey has continued to ignore the will of the international community.

So, on this 37th anniversary of Turkey's illegal occupation of Cyprus, I ask my colleagues to join me in condemning the continued occupation and join me in calling for Turkey to withdraw its troops from the island.

TRIBUTE TO REV. DR. FRANKLIN
D. COLCLOUGH

HON. JAMES E. CLYBURN

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 20, 2011

Mr. CLYBURN. Mr. Speaker, I rise today to pay tribute to a man of great faith, who has been a tremendous blessing to the State of

South Carolina. The Rev. Dr. Franklin D. Colclough is retiring from the Presbytery of New Harmony after 23 years of faithful service and 42 years with the Presbyterian Church (U.S.A.). He is deserving of recognition for his lifetime of service to his community and spiritual guidance to his congregants.

Dr. Colclough began his ministry in 1969 after receiving his Master of Divinity at Johnson C. Smith Theological Seminary in Atlanta, Georgia. He earned a Doctoral Degree in Ministry at McCormick Theological Seminary in Chicago, Illinois.

His first ministerial position was as pastor of the Carmel Presbyterian Church in Chester, South Carolina and Mt. Tabor Presbyterian Church in Blackstock, South Carolina from 1969–1971. In 1972 he accepted a call as the fourth, and youngest, installed pastor of the Goodwill Presbyterian Church in Mayesville, South Carolina. Goodwill was founded in 1867, and is the oldest African American Church in Sumter County, South Carolina and one of the oldest in the Sixth Congressional District. He served as Goodwill's pastor from 1972 until 1988. It is worth noting that Dr. Colclough served only three churches in rural South Carolina during his 19 years as a parish minister.

In September 1988 he was called to serve on the staff of New Harmony Presbytery which is headquartered in Florence, South Carolina. Presently Dr. Colclough serves as the Head of Staff and Stated Clerk for New Harmony Presbytery.

Dr. Colclough has served on many boards including the Board of Trustees at Johnson C. Smith University Theological Seminary in Atlanta and the Columbia Theological Seminary in Decatur, Georgia. He has served the Presbyterian Church at all levels including Member, Board of Pension, Moderator, Synod of South Atlantic, Stewardship Consultant for Mission 20/20, and member of the President's Council, Montreat Conference Center.

While serving the church, Dr. Colclough also served 26 years as a Military Chaplain in the United States Army Reserve retiring in 1996 with rank of Colonel.

Dr. Colclough is married to Eddie Segars Colclough. They are the parents of four adult children, Franklin, Jr., Glenys, Shelley, Kriston and grandparents of a granddaughter Kellen and grandson Kriston.

Mr. Speaker, I ask you and our colleagues to join me in congratulating Rev. Dr. Colclough for his faithful service to his community and his state. I sincerely appreciate Dr. Colclough's friendship and guidance over the last 19 years, and his generous advice from the first day I offered to run for Congress. He has been a true leader in the State of South Carolina, and while he will no longer serve in the Presbyterian Church on a daily basis, I am confident he will continue to be a guiding force in the community.